

Information Network of Kansas
Board of Director's Meeting
August 17, 2006

The August 17, 2006 meeting was held at the KDOT Office, 700 SW Harrison, 2nd Floor, Topeka, KS 66603. At 1:05 p.m., Chairman Yunk called the meeting to order.

The following Board members and proxy were present: Stan Ahlerich, Tim Blevins, Cynthia Dunham, Denise Moore, Ben Nelson, Ron Thornburgh, Tom Winters, and Dan Yunk. Others present were: Jim Hollingsworth, INK Executive Director; Tracy Smith, Brent Hoffman, DiAnna Wages, Scott Morrison of Kansas Information Consortium; Al Reynolds, Caryn Tanner of NIC, Inc.; Dan Korber, Kansas, Inc.; Rob Bish, Mize Houser.

Approval of Minutes – July 20, 2006

Yunk referred to the minutes of the July 20, 2006 meeting and requested corrections. A motion was made by Winters to approve the July 20, 2006 minutes. Seconded by Ahlerich.

Winters noted that the minutes accurately reflected the funds distributed through the grant process.

Yunk referred to the grant process, noting that the Grants Committee had recommended not funding the proposal by the Kansas Department of Revenue during this period, however, upon further review the Board had recommended funding this proposal. Yunk questioned the precedence of these actions and whether an appropriate appeals process was in place for the granting process. Yunk also questioned the relevance of the Grants Committee, whether their efforts are needed if the Board doesn't follow their recommendations. Discussion ensued.

Winters noted that allowing grant requestors to come to the Board to further describe and explain their proposal was always a possibility, as Wagon had during the previous meeting. Winters also noted a representative from Kansas Public Television Stations was present and spoke regarding their proposal at the last meeting, and the Board recommended additional funding beyond the recommendation of the Grants Committee for this proposal also.

Moore noted the Grants Committee had discussed each proposal in-depth, and understood their role to provide recommendations to the Board to either: accept, modify, or reject any decisions of the committee.

Hollingsworth noted the proposals that were not recommended for funding during this round were more a function of funds availability, rather than the actual proposals. The Board had elected to encumber the next year's funds, and was not necessarily going against the recommendations of the committee.

Ahlerich noted there may be issues within the granting process, regarding the perception of the whole process. Ahlerich noted that while the Grants Committee process had worked well in providing recommendations to the Board, the outside perception regarding the Board's actions could be taken out of context and provide issues for controversy.

Dunham noted that there may be conflict of interest issues for INK Board members, within the dual roles of Board member and the grants decision-making process. Dunham noted that these conflicts are two separate issues that could be addressed, whether the Board members should/shouldn't be voting on certain issues. Hollingsworth noted that the conflict of interest were inherent to the makeup of the Board and their organizations they represent.

Yunk recommended that Hollingsworth provide fair notification to grant requestors when and where the meetings regarding the grant proposals would occur. Yunk noted this was an ongoing discussion for the Board to address.

1:18 p.m. Thornburgh joined the meeting.

Smith noted that in her experience with other entities, grant processes vary regarding correspondence, and some allow correspondence and some don't.

Yunk asked specifically to the INK Executive Director, Hollingsworth if there had been any communications with the Grant requesters prior to the July Board meeting and announcement of the Grant awards.

Hollingsworth responded that he had not.

Blevins noted that it was important that the INK Board understood there indeed had been communications between the Executive Director and the Secretary of Revenue, Director of Motor Vehicles, and Blevins just prior to the INK Board meeting in July. Blevins stated at that meeting the INK Executive Director had informed the Secretary of Revenue, Director of Motor Vehicles, and Blevins that the Grant Proposal Committee had not recommended approval of the VIPS Feasibility Study. Blevins also stated that the INK Executive Director at that meeting told the group that he intended to recommend to the board the VIPS Feasibility Study grant be approved at the July Board meeting from other available Board funds.

Ahlerich noted the importance of a standardized grants process concerning communication with grant requestors.

Further discussion regarding the grants process ensued, and Yunk recommended that Hollingsworth put this issue on the agenda for a future meeting to address further and formalize the process.

Yunk re-referred to the original motion regarding the approval of the July 20, 2006 meeting minutes. Motion carried.

Treasurer's Report

Thornburgh provided the Treasurer's report for the period ending June 30, 2006. Thornburgh referred to Bish to provide an overview of the adjustments that were made to report.

Hollingsworth introduced Rob Bish, Mize Houser, Al Reynolds, Caryn Tanner, Scott Morrison, Brent Hoffman, and Dianna Wages to the Board.

Reynolds representing NIC, Inc. noted that their increased commitment to the Board has resulted in good communication and support between both INK and KIC.

Thornburgh noted that overall the INK financials looked good. Thornburgh noted year end adjustments to the financials. Discussion ensued. A motion was made by Thornburgh to accept the financial report for the period ending June 30, 2006. The motion was seconded by Winters. Motion carried.

Executive Director Report

Hollingsworth provided the Board with an update regarding the Security Audit, noting a rescan of the network had been completed and the findings illustrated that the security issues were a result of the technology being used to allow customers to connect to the portal using older browser software. Hollingsworth noted this was a known vulnerability, and is a business process decision, rather than a fault in the system. This issue was a result of customers using operating systems such as Windows 98 or older. Discussion ensued. The Board recommended that Hollingsworth provide analysis regarding the number of customers that have this issue and bring back recommendations to the Board.

Hollingsworth provided the Board with an update regarding the Mize Houser Contract for the INK financial statements. Hollingsworth noted that currently they were working on the electronic submission of information from KIC to Mize Houser, enabling them to increase the efficiency and effectiveness of the process to provide detailed analysis of the information in a timely manner. The contract would be for a term of 1 year ending June 30, 2007 and would include the following services;

- Agree period ending general ledger cash account balances with bank reconciliation balances
- Agree period ending general ledger accounts receivable balance with supporting work papers that include the primary components and the aging of trade receivables
- Agree period ending general ledger account payable balance with supporting work papers that include the primary components and the aging of trade payables
- Identify primary revenue and expense account activity that has a greater than 10% variance from month to month
- Include a supplemental schedule of cash flow

Hollingsworth provided further discussion of the contract, and noted that the fee estimate would be \$950/month. Discussion ensued.

A motion was made by Thornburgh to allow Hollingsworth to sign the one-year contract on behalf of the INK Board of Directors, between INK and Mize Houser Company regarding the preparation and analysis of the financial statements for the Information Network of Kansas. The motion was seconded by Ahlerich. Motion carried.

Hollingsworth provided discussion regarding the scheduling of future INK Board meetings, and noted after reviewing and compiling calendar information, either the 1st or 4th Thursday of each month would work best with each member's calendar, as well as provide enough time to receive the most recent financial information. Discussion ensued.

A motion was made by Thornburgh to schedule INK Board meetings, beginning on January 1, 2007 on the first Thursday of each month, and remain on the current schedule through December 2006. The motion was seconded by Ahlerich. Discussion ensued.

Smith noted that she would be unable to attend several meetings from September 2006 through December 2006, and suggested the Board provide alternative meeting dates for these meetings. Discussion ensued.

With the approval of Ahlerich, Thornburgh amended his original motion to schedule INK Board meetings, beginning on January 1, 2007, on the first Thursday of each month, and have Hollingsworth reschedule each meeting from September 2006 to December 2006 at a time and date that is most convenient for the majority of the Board members. The motion was seconded by Ahlerich. Motion carried.

Hollingsworth provided the Board with an overview of the 2007 INK budget, providing a detailed summary of all financial activities regarding INK. Hollingsworth noted discrepancies between the INK budget and the KIC budget could be attributed to INK budgeting on a fiscal year and KIC budgeting on a calendar year. Thornburgh noted the budget for the INK Board expenses was similar to the previous year's budget, with exception to the cost of living increase for the Executive Director.

Discussion ensued regarding the budget scheduling process, and whether the INK budget process should be modified to mirror the KIC budget process.

Ahlerich noted the only issue with changing the budget scale would be its effect on Kansas, Inc. and funds that pass through the organization to INK.

The Board's recommendation was for Hollingsworth to submit the budget, and provide the Board with revised estimated during January 2007 when the KIC budget is developed.

A motion was made by Thornburgh to approve the FY 2007 INK budget. The motion was seconded by Dunham. Motion carried.

Hollingsworth provided the Board with an overview of the 2007 – 2009 INK Strategic Plan. Hollingsworth briefed the Board on the plan layout, infrastructure initiatives, portal theme targets, as well as INK revenue and financial trends. Discussion ensued.

Thornburgh noted Legislative initiative should be based as a partnership rather than a reaction to improve the effectiveness of the services.

Smith noted that while several meetings between INK and the Legislature had occurred, and several issues had been addressed, this relationship could still be viewed as reactionary. Smith noted that efforts were in place to move this relationship towards a partnership to improve the benefits for all parties involved.

Dunham questioned the three-year period outlined by the Strategic Plan, noting most plans encompass more years.

Hollingsworth suggested that due to the changing nature of the industry and Board turnover, a three-year plan provided the most flexibility and effectiveness.

Blevins noted that several opportunities regarding the portal could be addressed with the Strategic Plan.

Smith noted that several agencies have requested services and possible opportunities, and that they had been meeting with several agencies providing an overview of INK and what they provide. Smith noted that any input or suggestions regarding opportunities from the Board would be useful and advance the use of the portal.

Thornburgh noted that forward thinking and innovation was key to the Strategic Plan, and suggested adding language within the document outlining these concepts.

Moore noted that several of the rankings and awards that are provided throughout the industry provide recognition to the state as well as further consideration when companies and individuals are determining where to locate. Moore suggested further pursuit in regards to these opportunities and suggested using them as direction for possible future initiatives.

Blevins noted Transportation should be included within the Strategic Plan as a target for future initiatives, citing its importance to the state.

Nelson also provided discussion regarding the service aspects of the portal, and specifically the results of prior customer surveys on performance presented to the Board and noted possible future innovations and how they could impact the Strategic Plan.

Discussion ensued.

A motion was made by Thornburgh to adopt the 2007-2009 Strategic Plan with the suggestions regarding future opportunities, partnerships, transportation, and service outlined by the Board to be included. The motion was seconded by Winters. Motion carried.

Network Manager Report

Smith provided the Board with an update on the KIC financials for the period ending July 31, 2006. Smith noted no major or unexpected anomalies, and given that most of the financial report had been covered previously submitted the report to the Board for review.

Smith noted there was one Service Request:

- Service Request 369 from the Commission on Veterans Affairs requested the KCVA website be redesigned. Development of the INK service is at no cost to KCVA.

Discussion ensued. A motion was made by Winters to approve Service Request 369. The motion was seconded by Thornburgh. Motion carried.

Smith noted there were several new contracts for the Board to review:

- The **County Property Tax Payments** contracts for each of the following counties to provide citizens the ability to pay property taxes online: Edwards, Elk, Ellsworth, Kingman, Mitchell, Scott, Seward, Sheridan, Stanton, Wabaunsee, Washington, Wilson, and Woodson. Development of the INK service is at no cost to the Treasurers' Offices.

Smith noted there were several renewal contracts for the Board to review for renewal:

- The **County Property Tax Payments** contracts for each of the following counties to provide citizens the ability to pay property taxes online: Ellis, Sumner, Anderson, Morton, and Russell.
- The **Kansas Behavioral Sciences Regulatory Board** contract renewal for license renewals, license verifications and website hosting.
- The **Kansas Board of Cosmetology Website Hosting** contract renewal for website hosting.
- The **WebTags Payments** contract renewals for each of the following counties to provide citizens the ability to pay vehicle registration renewal: Barber, Chase, Clark, Kearny, Lyon, Montgomery, Sumner, Wabaunsee, McPherson, Pratt, Reno, Rooks, Russell, Seward, and Wilson.
- The **Division of Emergency Management Homeland Security Notification System** contract renewal to provide citizens with an electronic homeland security notification system.
- The **Kansas Highway Patrol Crash Logs** contract renewal to provide citizens and the media online access to the Highway Patrol Crash Logs.
- The **Small Business Assistance Group Training Calendar** contract renewal to provide businesses the Online Master Business Training Calendar.
- The **State Board of Technical Professions License Renewals** contract renewal to provide licensees the ability to renew their licenses online.
- **Website Hosting** contract renewals for the following entities: **Aggregate Producers/Ready Mix Concrete Association, Association of Osteopathic Medicine, Board of Mortuary Arts, Board of Tax Appeals, Department of Credit Unions, Division of Credit Unions, Division of Emergency Management, Juvenile Justice Authority, Stafford County, Board of Accountancy, Bureau of Investigation Drug Enforcement, Board of Emergency Medical Services, and Adjutant General's Office.**

Discussion ensued.

A motion was made by Ahlerich to approve the all new and renewal contracts previously listed. The motion was seconded by Dunham. Motion carried.

Smith provided the Board with an update on the Kansas Online Crash Log, noting a recent award that had been presented regarding this service.

Smith provided the Board with an update on the Subscription Payment Option, noting that the results regarding customer demographics and certain payment methods were inconclusive. The Board had requested further information regarding batch and manual payment subscribers to determine the overall effect of changing the payment options for customers.

Smith noted that moving to a fully electronic payment system, eliminating manual payments would improve the efficiency and allocation of their staff and the process, and recommended the Board approve this modification.

Blevins noted this seemed to be a Board business decision versus a customer service issue. Discussion ensued.

Smith noted that notification could be provided in advance to all customers when this modification would take place, tentatively December 1, 2006. All customers would have two payment options, either ACH or credit card for the new electronic format. For ACH customers, no convenience fee would be assessed, while credit card users would be assessed a 3 percent fee based roughly upon fees currently charged. The ACH payments would then have a “cash discount” associated with each transaction based upon this methodology.

Discussion ensued.

A motion was made by Thornburgh that effective December 1, 2006, all payments would be processed electronically, therefore removing all manual payments from the system and allowing two electronic payment options, an ACH payment where customers would receive a “cash discount” and not be assessed any convenience fees or a credit card payment, where customers would be assessed a 3 percent fee based upon current convenience fees. The motion was seconded by Winters. Motion carried.

Upon request of the Board, Smith cancelled the Amber Alert Presentation for a future Board meeting.

Chairman’s Report

Yunk deferred to Hollingsworth to provide an overview of the KIC contract review/renewal process.

Hollingsworth provided an overview of the current contract status, and following the discussion, upon Board approval, requested the ability to draft a letter of intent to renew the contract with KIC based upon the discussion and possible amendments.

Hollingsworth noted the current contract doesn’t address the ability for the Network Manager to establish a regular maintenance window for the system. Hollingsworth also stated that the current procedures with the backup tapes are not reflective of the current contract language. Discussion ensued.

Nelson noted that opening up the contract may not be in the best interests of the board, but rather providing an addendum to address these issues would be the most efficient method of accomplishing each objective. Discussion ensued.

Hollingsworth noted there was a provision for a service level agreement within the contract, and this could be used as the method for any revisions. Hollingsworth noted that he would check with General Council to determine the viability of this solution. Discussion ensued.

A motion was made by Thornburgh to authorize Hollingsworth to draft a letter of intent to renew the current contract between INK and KIC, providing that Hollingsworth and General Council review all options in regards to a service-level or other agreement provided within the current contract to address the issues with 1) the backup tapes, and 2) the maintenance window. The motion was seconded by Winters. Discussion ensued.

Ahlerich suggested that the current motion provide enough flexibility to accomplish the tasks that were set forth.

Blevins noted that the current backup tapes being provided were not necessarily a true backup but a copy of the software nor is the INK tape restorable by the Board using the Disaster Recovery procedures. Discussion ensued.

Smith noted that the tapes provided to the Board were primarily focused on a transition of vendors, and that process as outlined within the current contract would occur over a period of one year. The tapes provided for KIC were designed more for disaster recovery, and would have inherent differences when compared to the tapes provided to the INK Board. Discussion ensued.

Regarding Ahlerich's amendment, with approval of Winters, Thornburgh amended the original motion to authorize Hollingsworth to draft a letter of intent to renew the current contract between INK and KIC, providing that Hollingsworth and General Council review all options, including a service-level agreement or any other method, so as to not open the current contract, but amend it in regards to the two issues brought forth by the Board, 1) the backup tapes, and 2) the maintenance window. The motion was seconded by Winters. Motion carried.

Yunk referred the Board to the Executive Director review, regarding the process and methods that should be utilized. Yunk noted at the next meeting, a discussion regarding performance, expectations, and any other issues could be addressed during an Executive Session.

Hollingsworth recommended sending each Board member a copy of his current contract and job description to provide a baseline for a review.

Thornburgh noted that the Subcommittee designed to address issue between INK and KIC staff has met with both parties, and several ideas and issues had been addressed regarding these topics. Thornburgh noted that several ideas had been discussed and the Subcommittee would provide a written report for the Board during the next meeting. Overall, Thornburgh noted an enhancement in both job descriptions would be beneficial to all parties.

With no further action, Yunk adjourned the meeting at 3:45 p.m.

Respectfully submitted by Timothy R. Blevins on behalf of ,

Joan Wagon, Secretary

A handwritten signature in dark ink, appearing to read "Timothy R. Blevins", written in a cursive style.